GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:647
ANSWERED ON:16.08.2007
SELLING OF OIL AND GAS AT MARKET PRICE
Prabhu Shri Suresh Prabhakar

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Exploration Licensing Policy give companies the right to sell the discovered oil and gas at market price;

(b) if so, whether the Union Government has formed a Committee to look into the pricing of gas discovered by the Reliance Industries in the Krishna Godawari basin;

(c) if so, the reasons for the same;

(d) whether the foreign investment such as British Petroleum, Hardy Exploration and British Gas made protest in this regard;

(e) if so, the details thereof; and

(f) the further steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) Yes, sir. As per the Production Sharing Contract signed by the Government under the New Exploration Licensing Policy (NELP), operators are free to market the oil on international price parity basis and gas in the domestic market on arms length basis.

(b)&(c) In terms of the provision of PSC, RIL has submitted the price formula for sale of gas from KG Basin for approval of the Government. This price formula has been considered by Cabinet Secretary who was asked to go into issues of gas pricing.

(d) to (e) No protest as such has been received from any of the companies. However, British Gas and British Petroleum have requested the Government to maintain the sanctity of the PSC provisions.

(f) The issues related to gas pricing under NELP are to be considered by an Empowered Group of Ministers (EGOM).